



Public Service Commission of Wisconsin

Daniel R. Ebert, Chairperson
Robert M. Garvin, Commissioner
Mark Meyer, Commissioner

610 North Whitney Way
P.O. Box 7854
Madison, WI 53707-7854

September 29, 2005

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Ms. Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 - 12th Street, S.W., Room TW - A306
Washington, DC 20554

Ms. Irene Flannery
Vice President, High Cost & Low Income Support
Universal Service Administrative Company
2000 L Street, NW - Suite 200
Washington, DC 20036

RE: Annual Certification of Rate Comparability for Non-Rural
Carriers Serving in Rural Areas

05-GF-139

Dear Ms. Dortch and Ms. Flannery:

The Federal Communications Commission (FCC) has adopted a requirement that state commissions must file an annual certification with the Universal Service Administrative Company (USAC) and the FCC regarding the comparability of rates in rural, high-cost areas served by non-rural incumbent local exchange carriers (ILECs) to urban rates nationwide.¹

The FCC established a "safe-harbor" rate, below which rural and urban rates would be presumed to be comparable, without further analysis.² For this year, the safe-harbor rate is \$34.21, which represents two standard deviations above the nationwide average of rates for basic unlimited local service, including taxes and surcharges.

In Wisconsin, there are two non-rural ILECs: Wisconsin Bell, Inc., d/b/a SBC Wisconsin (SBC), and Verizon North Inc. (Verizon). The Public Service Commission (Commission) staff performed a rate comparability analysis, using rates as of September 2005. (See enclosure.) The ranges of rates charged by SBC and Verizon in rural areas are similar to what those companies charge in urban areas. SBC rates in rural areas range from \$31.17 to \$31.35, while rates in its urban areas range from \$31.13 to \$31.51. Verizon rates in rural areas range from

¹ In the Matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45, Order on Remand, Further Notice of Proposed Rulemaking, and Memorandum Opinion and Order (FCC 03-249) (released October 27, 2003).

² A state may conclude that its rural rates are reasonably comparable to urban rates, even if they exceed the safe-harbor rate, but it must then fully explain its rate comparability analysis and provide data supporting its conclusion.

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Ms. Marlene H. Dortch & Ms. Irene Flannery

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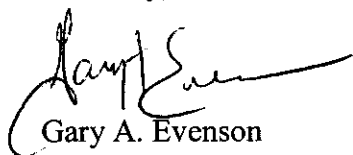
\$27.50 to \$32.80: its rates in urban areas range from \$27.96 to \$32.65. These rates for unlimited service do not exceed the safe-harbor rate. There is therefore a presumption of urban-rural comparability according to the FCC's safe-harbor rules.

The analysis of SBC and Verizon rates further revealed that:

- SBC charges a uniform rate across all of its service territory, whether urban or rural.³
- Verizon charges a different rate in each exchange, based on the relative number of access lines in the exchange and the access lines in the exchange's extended area service calling area.
- The price for SBC's unlimited offering includes Extended Community Calling (ECC). Verizon customers with unlimited local service would still pay for calls to ECC exchanges at \$0.04 per minute.
- SBC's and Verizon's unlimited service offerings are optional calling plans. Customers may also choose between one or more measured/message service plans.

Based on all of the above, I can certify for the Commission that urban and rural rates charged by Wisconsin non-rural ILECs are comparable. Questions regarding this matter may be directed to me at (608) 266-6744.

Sincerely,



Gary A. Evenson

Administrator

Telecommunications Division

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Enclosure

³ The only exceptions to this are the 911 surcharges and sales tax, which vary by county, and are established by county governmental bodies.

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Attachment

**Comparison of Rates Charged by SBC and Verizon in Rural Exchanges
with Nationwide Average Urban Rates
Unlimited Usage Service**

NOTE:
2005 Safe harbor rate is \$34.21

	<u>SBC rural 9/2005</u>		<u>SBC urban 9/2005</u>		<u>Verizon rural 9/2005</u>		<u>Verizon urban 9/2005</u>	
	Lowest rate for unlimited service	Highest rate for unlimited service	Lowest rate for unlimited service	Highest rate for unlimited service	Lowest rate for unlimited service	Highest rate for unlimited service	Lowest rate for unlimited service	Highest rate for unlimited service
Unlimited flat rate	\$ 23.00 ^{1/}	\$23.00 ^{1/}	\$23.00 ^{1/}	\$ 23.00 ^{1/}	\$ 17.91	\$ 17.91	\$ 17.91	\$ 17.91
Extended area service (EAS)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4.85	\$ 0.60	\$ 4.86
Usage charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subscriber line charge	\$ 5.07	\$ 5.07	\$ 5.07	\$ 5.07	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50
Touch tone	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	\$ 2.39	\$ 2.41	\$ 2.39	\$ 2.41	\$ 2.07	\$ 2.49	\$ 2.13	\$ 2.49
911 surcharge	\$ 0.20	\$ 0.36	\$ 0.16	\$ 0.52	\$ 0.35	\$ 0.38	\$ 0.15	\$ 0.22
Universal service surcharge	\$ 0.51	\$ 0.51	\$ 0.51	\$ 0.51	\$ 0.67	\$ 0.67	\$ 0.67	\$ 0.67
Local number portability surcharge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals	\$ 31.17	\$ 31.35	\$ 31.13	\$ 31.51	\$ 27.50	\$ 32.80	\$ 27.96	\$ 32.65

^{1/} SBC rate is a package price that includes unlimited local, EAS and extended community calling (ECC) usage and 3 calling features.